

# TONBRIDGE & MALLING BOROUGH COUNCIL

## COMMUNITIES ADVISORY BOARD

28 March 2013

### Report of the Chief Executive

#### Part 1- Public

#### Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

#### 1 REGIONAL GROWTH FUND ROUND 4 – BID

To set out, and endorse, a bid for the West Kent/East Sussex area to the Government's Regional Growth Fund.

#### 1.1 Background

- 1.1.1 The Regional Growth Fund (RGF) has been established by Government to support projects and programmes that lever private sector investment to create economic growth and sustainable employment. The first 3 rounds allocated £2.4 billion which is intended to lever over £13 billion of private sector investment and create or safeguard over 500,000 jobs. Round 4 has recently been open for applications and this will allocate a further £350m of funding nationally.
- 1.1.2 Kent has been successful in applying to the Fund in Rounds 2 and 3 of the programme. These bids have provided funding for business support programmes in East Kent (Expansion East Kent) and North Kent (TIGER). Both programmes provide loan funding to businesses who are wishing to expand and grow but have been unable to attract finance from traditional funding sources.
- 1.1.3 The West Kent Partnership held a business conference with East Sussex partners on 18<sup>th</sup> January 2013 to explore the role of the Local Enterprise Partnership in supporting local businesses. Discussions at that event led to the conclusion that the wider West Kent area and East Sussex should consider submitting a joint bid to the next round of the RGF for a similar programme to those now operating elsewhere in Kent. Kent County Council offered to take a lead on this work given their experience in successfully bidding to earlier rounds.
- 1.1.4 Considerable work has been undertaken since then to develop a bid document. The area to be covered is based loosely on the A21 corridor and includes the Kent districts of Sevenoaks, Tonbridge and Malling, Tunbridge Wells and Maidstone and the East Sussex districts of Wealden, Rother, and Hastings.

1.1.5 The deadline for the submission of this bid was 20<sup>th</sup> March. At the time of writing this report, work to develop and refine the bid is on-going. A verbal update on the final submission will therefore be given at the meeting.

## **1.2 The Bid Proposal**

1.2.1 The current proposal, named 'ESCALATE', currently being developed comprises two key elements:

- A loan fund for local businesses aimed at SMEs with growth potential and who are looking to invest;
- A separate capital research fund to support the development of local R&D facilities including, for example, those operated by East Malling Research.

1.2.2 The application is likely to bid for an amount in the region of £5m in value. The bid differs from those operating elsewhere in Kent in that it is to be linked to two existing (and fully funded) business support initiatives: the Government's 'Growth Accelerator' programme and a local initiative called High Growth Kent. Both of these initiatives seek to support firms via advice, mentoring etc with higher growth potential and the benefit of a linkage between these and the ESCALATE programme is that joint administration of the loan scheme can be undertaken those reducing overall programme costs. The offer of loan support would also be complementary to the mentoring role carried out by both existing programmes.

1.2.3 The overall purpose of the ESCALATE programme will be to support as many local firms as possible who have ambitions to expand but currently, are unable to do so due to lack of funding. No one specific sector is being targeted. Future bids to the programme, if successful, will require careful vetting and assessment: the programme is not a means whereby ailing firms can applying for 'bale-out' funding to prevent their closure.

1.2.4 It is intended that the programme will operate as an 'evergreen' fund. When loans made to businesses start to be repaid, that money (or an element of it) can re-invested in the programme to allow further support to be offered locally. Discussions with representatives with the Department of Business Innovation and Skills (BIS) are underway to determine how this element of the programme could best be implemented.

1.2.5 The bid will have been submitted by the deadline of 20<sup>th</sup> March. Given the tight timescales involved, the bid has been submitted with the endorsement of the Leader, and the Cabinet Members for Finance and for Communities. A copy of the bid, as submitted, will be circulated separately prior to the meeting of the Board.

## **1.3 Next Steps**

1.3.1 A decision on the bid is expected to be made in July of this year. If approval is forthcoming, it is anticipated that the programme could then be launched in

September. This would mean that the loan fund would operate for a period of 18 months until April 2015.

#### **1.4 Legal Implications**

- 1.4.1 The County Council has agreed to act as the accountable body for the programme as they undertake this role for the East and North Kent programmes.

#### **1.5 Financial and Value for Money Considerations**

- 1.5.1 There will be some costs associated with the administration of the programme if funding from Government is forthcoming. However, as the programme is to link with existing initiatives, administration costs can be shared and thus reduced overall. Partners will be asked to make a contribution to these costs to cover the 18 months period of operation. As there are seven local partners involved, such costs are not likely to exceed £10K per annum each (15K for the 18 month loan period). Given that this is a partnership-led bid which could lead to a significant investment by Government in support of local business, the level of contribution sought from each partner is considered to represent good value for money overall. These amounts are considerably less than those required for the East Kent and North Kent programmes.

#### **1.6 Risk Assessment**

- 1.6.1 Any financial risks associated with the programme would need to be borne by the accountable body.

#### **1.7 Equality Impact Assessment**

- 1.7.1 See 'Screening for equality impacts' table at end of report

#### **1.8 Recommendations**

- 1.8.1 That the bid to the Regional Growth Fund, as described in this report, **BE ENDORSED.**

The Chief Executive confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

contact: Mark Raymond

Nil

Julie Beilby  
Chief Executive

| <b>Screening for equality impacts:</b>                                                                                                                              |               |                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------|
| <b>Question</b>                                                                                                                                                     | <b>Answer</b> | <b>Explanation of impacts</b>                                                                   |
| a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? | No            | The bid criteria (to be adopted) will seek to ensure that the programme is fairly administered. |
| b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?                                               | N/A           |                                                                                                 |
| c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?                                                                   |               |                                                                                                 |

*In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.*